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9 December 1980

# Japan Report

(FOUO 33/80)



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## JAPAN REPORT

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POLITICAL AND SOCIOLOGICAL

CABINET OFFICER CAUTIONS U.S. ON IRAN, IRAQ

Tokyo THE DAILY YOMIURI in English 2 Nov 80 p 3

[Behind the Scenes Column by Minoru Hirano: "Need for Neutrality"]

[Text]

Chief Cabinet Secretary Kiichi Miyazawa told a press conference Wednesday that the US should act cautiously to avoid giving the impression that it is siding with either Iran or Iraq. Miyazawa voiced strong Japanese apprehension over a statement made by President Carter during a televised debate with Republican presidential rival Ronald Reagan to the effect that US would deliver arms spares included in the frozen Iranian assets if Iran freed the US Embassy hostages.

As expectations rose high that Iran would release the hostages, there was a growing concern that US in exchange would supply weapons to Iran. If Iraq and the Gulf states which back up Iraq should take retaliatory steps, the Iran-Iraq war would escalate and become prolonged. That is the last thing the Japanese Government desires to see.

Before Miyazawa's statement, the Foreign Ministry informed the US Government that the Japanese Government was strongly interested in the signs for release of the hostages and desires the US Government to adhere to the policy of nonintervention in the Iran-Iraq war even after their release.

The US Government answered this request on October 27 saying (1) the economic sanctions against Iran had been taken to counter the seizure of the US Embassy staff as hostages and would be lifted as soon as the hostage problem is settled and (2) the US is adhering to the policy of nonintervention in the war.

The Japanese Government also intends to lift its economic sanctions if Iran releases all the hostages. Before doing so, however, Japan will inform Iraq and the Gulf states that its neutral position toward the Iran-Iraq war is unchanged. The

US reply to Japan is based on the same policy but the US economic sanctions, unlike Japan's, include weapons. Accordingly, its avowed policy of neutrality is unlikely to be accepted by Iraq and the Gulf states at its face value.

However, Japan has no power to stop delivery of weapons by the US to Iran. After receiving the US reply, the Foreign Ministry inclined to the view that shipments of weapons covered by outstanding contracts by the US to Iran were unavoidable and made mention of the fact that the Soviet Union, which is also taking the position of nonintervention in the Iran-Iraq war, is supplying weapons covered by outstanding contracts to Iraq.

The statement by Miyazawa has caused the Foreign Ministry to change its position again. Since he was foreign minister, Miyazawa has been strongly criticizing weapons exports by superpowers. He has always been convinced that oil-producing countries should use their surplus foreign exchange reserve in helping developing countries instead of using them to buy weapons and that this presupposes restraint by superpowers in export of weapons. He strongly made this appeal when Mike Mansfield, then Democratic Senate leader (now US ambassador to Japan), arrived in Japan in July 1978.

Zentaro Kosaka, who succeeded Miyazawa as foreign minister, urged the superpowers to embargo weapons export when he addressed the UN General Assembly in September of the same year.

Japan is not exporting weapons to any countries because of its three principles which virtually ban such export. Therefore, Japan has the right to demand that other countries, too, embargo weapons export.

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It is said in Japan that a monkey is still a monkey even if he falls from a tree but a politician is no longer a politician if he falls in an election. We can well understand that Carter has to resort to every tactic to win reelection. But as president of the US he has the responsibility for world peace. Miyazawa probably wanted to say that Carter should remember this responsibility when he asked that Carter act prudently.

Japan has pledged to the rest of the world that it will perform a political role which befits its economic strength. But such a political role is not subservience to the US or simply acting as a member of the Western camp. Japan should also make contributions to world peace from its unique position.

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POLITICAL AND SOCIOLOGICAL

DEBATE ON CONSTITUTION CONTINUES

Tokyo MAINICHI DAILY NEWS in English 11 Nov 80 p 4

["Zooming-in Column by Hideo Matsucka: "What's Okuno Really After?"]

[Text]

Justice Minister Seisuke Okuno has some enthusiasm for constitutional amendment — enthusiasm that borders on age-hardened obstinacy. Prime Minister Zenko Suzuki's foremost governing principle is to avoid rocking the boat. Okuno apparently considers it his God-given mission to rock the nation's political boat by broaching the controversial constitutional issue. Suzuki now must regret having Okuno in his cabinet.

The primary point of Okuno's stated views is that the nation should not make it taboo to publicly debate the Constitution from all angles, including those that lead to a possible amendment.

In the past, whenever a cabinet minister made a statement critical of the Constitution, the opposition pounced on the prime minister, demanding he sack the constitutional detractor. The opposition demand often got through. As a result, it became a tacit agreement for the past Liberal-Democratic cabinet ministers to steer clear of the Constitution. This resulted in a

general atmosphere in which cabinet ministers are averse to touch on anything that had anything to do with the Constitution. In this context, in Okuno's view, both the LDP and the opposition parties should be blamed for stifling constitutional debates.

While the agriculture minister, Tadao Kuraishi got his ministerial walking papers for calling Japan's supreme law a "concubine constitution," meaning, perhaps, that it was forced on Japan without really wishing to have it. This no doubt was a gross slight of the supreme law, which is in violation of Article 99 of the Constitution requiring ministers of state to respect and uphold the Constitution. It was only a matter of course that Kuraishi was forced to resign. Such a development must be highly unsatisfactory to Okuno. As much as the Constitution is important, so is the duty of politicians to publicly debate it, Okuno must think. It is the height of political irresponsibility, in his view, to gag public criticism of the Constitution by members of the

cabinet in order to keep lukewarm political peace.

He is right, up to a point. Freedom of speech is the foremost prerequisite of democratic government. It is suicidal for democracy to restrict political statements in any way. Voltaire's celebrated remark, "I disapprove of what you say, but I will defend to the death your right to say it," retains its undying ring of truth to this day. It may be that the cabinet minister's obligation to respect and uphold the Constitution may be compatible with his responsibility as a politician to freely debate the Constitution.

But this is so only in formality. Okuno's advocacy of free debate on the Constitution has a clear purpose. It is aimed at changing Article 9, thereby to openly and formally start rearming Japan and to recognize the long-renounced right of belligerency also. Okuno is not just talking about the kind of freedom of debate that constitutional scholars imagine. He is pushing with a clear-cut politically motivated purpose.

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When Okuno says: "freedom of constitutional debate," it *ipso facto* means "freedom of rearmament" and "freedom of going to war." When this much is clear, we just cannot readily agree to his demand for free constitutional debate. Okuno's type of free constitutional debate is intended to rearm Japan and restore the state's right of belligerency, all of which, if realized, virtually nullifies the major principles on which the Constitution is based. It will change the very nature of Japanese state. The opposition is not opposing freedom of constitutional debate, a formality, but the substance of free debate that Okuno advocates.

If Okuno were calling for free debate on the Constitution because he thought it did not sufficiently provide for the principle of sovereignty resting with the people or for freedom of information, all opposition parties would be failing all over themselves to back him up. They are opposing Okuno because he has rearmament and the right of war in mind when he calls for free constitutional debate.

It will not be surprising if calls for changing the Constitution to reorganize the present Self-Defense Forces into full-fledged armed forces come from people under 40 who did not live through the war. I am just confounded how it could come from the justice minister after he has gone through World War II which took 3 million Japanese lives and turned the whole country into rubble and debris. He must have tasted the miseries of war to his bone marrow. How come this man now advocates reestablishment of armed forces, braving the risk of again turning the

country into desolate ruins? He has not learned anything from the war. If he gets his way, the 3 million Japanese died for naught.

### True Patriotism

Some may call Okuno's advocacy of constitutional revision an outpouring of true patriotism and the spirit to defend the country. But is it patriotism to prepare for an arrangement that may again lead to the loss of millions of Japanese lives and the destruction of the Japanese land?

Some favor the ruse of "moderately" or "appropriately" increasing the defense power without fanfare about constitutional amendment. This type argues: "The American demand on Japan to increase its defense spending is reasonable. Japan is not supposed to enjoy a 'defense free ride' at American expense. As a member of the free world, Japan should become more sociable in matters of defense by taking up a bigger defense bill." This is a realistic common sense argument.

We should know, however, that this type of defense boost just to go along vaguely with other Western powers means very little, if anything, in terms of real defense efficiency or potential. The futility of such a halfhearted defense boost is

clearly stated in *Nippon yo, kokka tare* (Japan, Be a State), written by Ikutaro Shimizu. A sample of military hardware described in the book as needed for an effective defense of Japan in the views of military experts is: four attack carriers, about 100 cruisers, destroyers and submarines, about 1,000 fighter planes and other attack planes. This is just a portion of what is needed. Many other fields of defense need boosting if Japan were to possess a really effective defense setup. Defense experts know it.

They also know that effective defense requires a powerful offensive power. Our so-called "exclusively defensive arrangement" is a joke. And an indispensable offensive weapon is the nuclear weapon. The Soviet Union has a covey of SS20 intermediate range ballistic missiles poised to strike Western Europe. When these nuclear blockbusters come to be trained on the Far East, it will no longer be possible to preserve our national security by military means short of nuclear armament. And that is exactly what is advocated in Shimizu's book. It offers two nuclear alternatives for Japan: to ditch the three nonnuclear principles and manufacture nukes for itself, or import American nuclear weapons for deployment across Japan.

From the purely military point of view, any national defense setup is not sufficient without nuclear weapons. We often say we must arm "to a certain extent." The word "to a certain extent" is not certain at all. If "to a certain extent" is another word for "to an extent good enough to fend off any attack," it means nuclear ar-



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mament. Only by going nuclear can Japan reasonably consider itself as a military deterrent to the Soviet Union. This is matter-of-fact reasoning from a military viewpoint.

Is it with this in mind that Okuno is advocating free constitutional debate that is ultimately aimed at Japan's open rearmament and at turning the SDF into full-scale military forces? Even if he claims that he is calling for no more than "modest" or "appropriate" rearmament of Japan, we have to point out to him that such a thing simply does not exist in the view of defense experts. Any type of formal rearmament of the kind Okuno proposes will inevitably lead to nuclear armament. If Okuno is advocating constitutional amendment without knowing this simple military fact, it is a case of gross ignorance. If he is advocating it with this knowledge, it is the height of political irresponsibility.

If Okuno's call for free constitutional debate is the latter case, he is a dangerous politician we cannot afford to have at the highest level of national politics.

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POLITICAL AND SOCIOLOGICAL

PROSPECTS FOR OPPOSITION PARTIES EXAMINED

Tokyo MAINICHI DAILY NEWS in English 12 Nov 80 p 2

[Editorial: "Opposition Parties' Role"]

[Text]

The existence of opposition parties is seemingly becoming more obscure. Elaborate discussions among themselves on the possible formation of a coalition government, which had attracted public attention, have since become blurred. We also notice the opposition parties' apathy in the management of the current Diet session.

The coalition concept evaporated with the overwhelming victory of the Liberal-Democratic Party in the June 22 elections of both Houses of the Diet. But failure to remove the lingering effects of the election defeat will result in a surrender of responsibility by the opposition parties. In particular, their role has become more important because of the fact that the government party now enjoys a majority in the Diet. We call on the opposition parties to take another look at the role that they should play.

A series of national conventions is being held by opposition parties in the immediate future. The Japan Socialist Party (JSP) will hold its convention from Dec. 1, and the Komeito and the Democratic Socialist parties will convene theirs early next year. We have perused their draft action policies for 1981 but we could not see any vigor to stand up against the numerical strength of the government party.

First of all, the opposition parties must show us the blueprint of the proposed coalition government to replace the LDP government and for unity among themselves. They must also fulfill their function to check the LDP's walkover in realpolitik. We know this is a difficult task but we can see no *raison d'être* for the opposition parties if they fail to meet the challenge. In this sense, their action policies do not satisfy us.

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JSP's action policy for 1981 is obviously evasive on the coalition concept. It merely states passively that the JSP-Komeito coalition concept would not be basically revised. The JSP may be evasive because it sees no possibility of a coalition government in 1981. Such a way of thinking cannot convince us.

We believe that the JSP, as the leading opposition party and the nucleus of the proposed coalition government, should present comprehensible and practicable ideas and maintain leadership of the opposition forces. JSP's modest attitude will unfavorably affect the fighting spirit of the opposition parties.

We also notice obscurity in the coalition concept of the Komeito Party. The action policy declares that a coalition would be formed by the JSP, Komeito, DSP, New Liberal Club and United Social Democratic Party as well as like-minded organizations and individuals. The party thus gave up its character as an anti-LDP force.

The DSP apparently is seeking a different course from the other opposition parties after bolting from opposition forces and becoming a semi-government party. We remember that the party sided with the LDP on defense problems during the DSP-LDP summit meeting, thus destroying Komeito's idea of forming a JSP-Komeito-DSP alliance.

The Japan Communist Party is busily criticizing JSP's right-tilting policy line. The NLC and the USDP have no power to examine their participation in the coalition.

Under such circumstances, we can conclude that each opposition party is now following its respective path on the coalition problem and seems to be taking reverse steps concerning their unity. We can understand their belief that they have to place their own houses in order in preparation for the election three years hence. If each of them prefers to follow an egoistic policy, the opposition forces as a whole will become more obscure.

The opposition parties cannot deal with the coalition problem by merely discussing easygoing unity among themselves. Each party must clarify its view and also the differences before implementing a coalition idea. Now is the time for the opposition parties to determine the most effective course to be taken.

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Each party must have a view which is suitable for an opposition force. To become more practical does not mean to approach closer to the government party. At least, we believe that "anti-LDP" is the natural starting point for realization of a coalition government.

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KOMOTO MOVES TO SOLIDIFY POSITION

Tokyo THE DAILY YOMIURI in English 1 Nov 80 p 3

[Political Beat Column by Raisuke Honda: "Komoto's Two-Way Play"]

[Text]

Economic Planning Agency Director-General Toshio Komoto and his confidants have apparently gone all out to hammer out a new strategy to create a "Komoto administration" by winning the next presidential election of the Liberal-Democratic Party (LDP) two years hence.

The moves of the Komoto group are in the face of growing opinion within the LDP to abolish the preliminary election system for the party presidency.

Indications are growing that the LDP's Party Reform Promotion Headquarters, chaired by LDP President-Prime Minister Suzuki, will propose the abolition of the preliminary election system in its report to come out around next April.

In this year's LDP election announced October 18, Suzuki alone declared candidacy, and he secured the top party post without challenge and without going through a preliminary election.

Shortly after Suzuki's unopposed election, LDP Secretary-General Yoshio Sakurauchi reportedly suggested in his talks with Suzuki that the preliminary election system participated in by all LDP members be abolished.

Sakurauchi then held a press conference and reiterated his views on the matter, thus spurring opinion within the party to do away with the primary election system.

As a matter of fact, the strong faction led by former prime minister Takeo Fukuda has steadfastly opposed the preliminary election system ever since its creation.

So does the faction headed by Administrative Management Agency Director-General Yasuhiro Nakasone, who would have no chance of defeating Komoto should there be another preliminary election.

Two other major factions, led by former premier Kakuei Tanaka and Prime Minister Suzuki, respectively, have not yet voiced any clear-cut stand on the issue, but an increasing number of members of both factions are apparently becoming opposed to the preliminary election, mainly because it costs the LDP too much time and money.

Any decision by the LDP reform headquarters to abolish the system would certainly deal a heavy blow to Komoto's faction, since the preliminary election is Komoto's ace-in-the-hole in his struggle for power.

While the Komoto faction is no match against other major factions in terms of elected Diet members, the number of its supporters among the LDP's rank and file is larger than those supporting any of its rival factions.

In the face of such unfavorable developments for the Komoto faction, its senior members have recently been having a series of meetings to work out counter-measures.

It seems that the faction has now decided to adopt a "two-pronged" strategy: insisting on continuation of the preliminary election system, while preparing to cope with its possible abolition.

If the primary system is kept intact, prefectural chapters of Komoto's supporters set up throughout the country would function effectively to give Komoto an easy victory in the next LDP presidential race, according to a senior Komoto faction member.

The Komoto faction at the same time is forming a new policy study group apparently in preparation against difficulties it would face if the primary election is abolished.

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The envisioned group aims to strengthen solidarity among the existing members of the Komoto faction on the one hand, and at expanding it by recruiting many scholars and business leaders as advisors.

In addition, Komoto is reportedly out to cultivate friendly ties with such younger-generation leaders of the LDP as its Policy Board Chairman Shintaro Abe, Science and Technology Agency Director-General Ichiro Nakagawa, as well as Shin Kanemaru, Noboru Takeshita and Kazuo Tamaki.

Last summer, Komoto caused a stir when he had talks with former premier Tanaka over a game of golf, although Komoto had earlier given Tanaka a wide berth.

Power aspirant Komoto now appears to be trying similar "golf conferences" with the younger-generation party leaders in the hope of winning their backing.

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LDP'S 25TH ANNIVERSARY REVIEWED

Tokyo THE DAILY YOMIURI in English 15 Nov 80 p 2

[Editorial: "Quarter-Century Rule of LDP"]

[Text]

The ruling Liberal-Democratic Party (LDP) marked the 25th anniversary of its foundation Saturday. The party has been governing the country single-handedly for the past quarter century.

The LDP has not experienced a major split during the period although there have been repeated factional strifes which resulted in the creation of a new party, New Liberal Club and the passage of a non-confidence vote in the Diet against the late prime minister Ohira.

With a recent Yomiuri Shimbun survey showing the popularity rate of the LDP standing at more than 40 percent, the party is expected to stay in power in the 1980s.

The LDP's long stay in power can be attributed to the fact that Japan has been enjoying peace and prosperity.

The nation's peace and prosperity has been assured mainly by its "peace" constitution which helped the country devote itself to developing its economy rather than spending excessively on defense. The other factors are people's high level of education, high quality of labor, and the nation's geopolitical location.

Japan could also avoid getting embroiled in conflicts overseas because of its constitution which prohibits dispatch of self-defense forces abroad. Ironically, the constitution helped sustain the quarter-century dominance of the LDP which lists constitutional revision in its platform.

The fact that LDP governments to date have paid heed to harmony and avoided following any severe policies has also helped the party to continue to stay at the helm of power.

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### **Sense Of Balance**

A sense of balance, which sometimes seems inconsistent, has served for the party to adopt occasionally the opposition parties' policies. A frequent change of party presidents, who concurrently serves as prime minister, has facilitated a well-groomed shift of policies, thus refreshing the party's mind.

It is rare in the world for a party to have as many as 10 prime ministers during a span of 25 years.

Even the so resilient and stout LDP has some sore spots. Although the party prides itself on its prolonged position as the ruling party, it cannot be called a modernized political party as long as it is accused of plutocracy and corruption and its reactionary attitude longing for Japan of the prewar days.

The party has never carried out self-cleaning even when it suffered a setback in elections because of bribery and other scandals. Such a party would have had to step down from the pinnacle of power in another country.

### **Attitude Of Middle Class**

The LDP's life as a phoenix is partially due to the dominant middle class which dislikes drastic changes and tends to support conservatism. Another factor is the disunity among the opposition parties.

The lingering dullness of the major opposition Socialist Party (JSP) has also worked in favor of the LDP. This undermines the parliamentary democracy in this country.

Rehabilitation of the LDP depends upon the younger generation in the long run. Young LDP Diet members have recently started to object to anachronic advocacy for revision of the constitution. This movement should also be directed toward breaking the plutocratic setup of the LDP in an effort to revamp the party.

It is high time that the party's dregs, which have been accumulating for the past 25 years, were removed.

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STRUGGLE FOR LEADERSHIP OF NLC NOTED

Tokyo MAINICHI DAILY NEWS in English 5 Nov 80 p 3

[Nagatacho Doings Column by Takehiko Takahashi: "Struggle for NLC Leadership"]

[Text]

Politicians are fond of struggles for leadership. No matter how small a political party may be, becoming its representative has an attraction. One newspaper is publishing daily the activities during the previous day of the leaders of all political parties ranging from the Liberal-Democratic Party to the United Social Democratic Party. For the politicians, this is welcome publicity.

At such a time, Seiichi Tagawa, representative of the New Liberal Club, has resigned, saying that he would like to have the former representative, Yohei Kono, assume the post again. Whether this is a "plus" or "minus" for the NLC is uncertain but it has become a fertile subject for conversation in the political world.

The New Liberal Club was at one time called the "New Kono Party." With Yohei Kono as the representative, it started out by having Takeo Nishioka as secretary general and Toshio Yamaguchi as chairman of the Diet policy committee. Later Nishioka seceded from the party when Kono leaned toward the middle-of-the-road, which was contrary to Nishioka's way of thinking.

It was rumored at the time that Yamaguchi might also withdraw from the party. Yamaguchi remained in the NLC, however, and assumed the important post of secretary general.

The New Liberal Club was badly defeated in last year's general election. The Liberal-Democratic Party also made a poor showing then and voices rose within the party, saying that the responsibility of Masayoshi Ohira, the party president, should be questioned. As the result, two LDP candidates, Ohira and Takeo Fukuda, took part in the voting to designate the prime minister.

On that occasion, Prime Minister Ohira sought the cooperation of the New Liberal Club. Until then the NLC had been critical of the Ohira administration but in the designation of the prime minister, its votes were cast for Ohira from the first. It was expected that Ohira would appoint NLC's Tagawa as the education minister.

Ultimately Tagawa did not enter the cabinet. Representative Kono was put in a bind because of the election defeat and also because his subsequent activities lacked brightness. As

the result, he resigned from the post of representative, to which Tagawa succeeded.

Kono and Tagawa are relatives by marriage. In the last general election, the New Liberal Club was fortunately able to increase the number of its Diet seats. The campaigning was carried out centering on Secretary General Yamaguchi. He endeavored to bring the number of candidates to over 20 somehow in order to obtain the qualification of a recognized organization in the election. At the end he had his own sister, who had absolutely no chance of being elected, file her candidacy, raising the candidates' number to 25.

These efforts by Yamaguchi must have been rewarded. In any case, the NLC was able to expand the number of its Diet seats. Increasing the number of candidates means that much more funds will be necessary. Since his own election was practically assured, Yamaguchi traveled extensively to collect funds and support his party's candidates.

Perhaps because of this, people who are regarded as being "Yamaguchi-affiliated" have come to form the majority

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in the NLC. Those "affiliated" with Tagawa and Kono have dwindled in number. This means that Yamaguchi has grasped the actual power in the NLC and that the position of Tagawa and Kono is like that of robots.

For Tagawa and Kono, this is by no means a pleasant or desirable situation. And yet, in Tagawa's case, he does desire to undertake the troublesome task of collecting political funds for the party as Yamaguchi has done. This probably holds true for Kono also.

At such a time, the rumor spread that "Kono is selling his house in Hiratsuka." This was about the same time that Tagawa was announcing his desire to have Kono become the representative again. This developed into the rumor that "Kono is selling his house in order to provide funds for the party and to return as representative."

This turned out to be a false rumor. Meanwhile, it became clear that Yamaguchi had received donations from the notorious Fujimi Hospital. Other scandals involving Yamaguchi are being taken up by weekly magazines. Rumor has it that Representative Tagawa has been the source of such information. Some believe that this is a part of a strategy to topple Yamaguchi through scandals and to enable the "Kono family" to obtain a firm grasp over the NLC.

There were even rumors concerning a small household like the New Liberal Club. Whether or not these rumors are true will become clear in the reaction by "Yamaguchi-affiliated" people to Kono's return as the NLC representative.

*(The writer is an adviser to the Mainichi Newspapers and former chief editorial writer).*

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POLITICAL AND SOCIOLOGICAL

LACK OF DISCUSSION IN CABINET MEETINGS DEPLORED

Tokyo MAINICHI DAILY NEWS in English 12 Nov 80 p 5

[Nagatacho Doings Column by Takehiko Takahashi: "Cabinet Sans Discussions and Suzuki's Leadership"]

[Text]

Justice Minister Seisuke Okuno's statements on the Constitution became the fuse for the discussions on the Constitution in the current extraordinary Diet session.

There is an atmosphere within the Liberal-Democratic Party that considers Okuno's various statements as being troublesome. One of his statements concerns the cabinet ministers' worship at Yasukuni Shrine. In the past, the government's interpretation was that a formal visit by a cabinet minister to "Yasukuni Shrine, which is a religious foundation, is a violation of the Constitution." Okuno asserts, however, that "Yasukuni Shrine is not a religious organization as stipulated in the Constitution and therefore a formal visit is not an infringement of the Constitution."

Chief Cabinet Secretary Kiichi Miyazawa, while stating that "Justice Minister Okuno's statement differs from the view held by the government," is not asking Okuno to retract his statements, considering them to be "personal opinions."

Likewise in regard to the problem of the "threat" posed by North Korea (Korean Democratic People's Republic), the government's replies to interpellations have showed a discrepancy. In this way, the government's recent answers to Diet interpellations are disordered and out of step.

Why is this happening? There are many who say that the reason is that "sufficient discussions do not take place at cabinet meetings." One cabinet minister described the cabinet meetings of the present Suzuki administration as follows:

**Dissatisfaction**

"Prime Minister Suzuki hardly makes any statement. Director General Yasuhiro Nakasone of the Administrative Management Agency and Director General Toshio Komoto of the Economic Planning Agency, both influential LDP members, present the statements of their secretariats on problems within their jurisdiction but are silent on other problems. What statements that may be forthcoming are made in a subdued voice and Chief Cabinet

Secretary Miyazawa can hardly hear what is being said. The time taken by cabinet meetings is 10 minutes at the best."

Why are cabinet meetings taking such a form? In regard to this, another cabinet minister (who is also considered to be one of the influential leaders) has this to say:

"Prime Minister Suzuki was chairman of the LDP Executive Council for a long period of time. The executive council is a place where approval is given to decisions on problems that are presented. Hardly any discussion takes place on the problem itself. Prime Minister Suzuki seems to be handling cabinet meetings as if they were like executive council meetings."

If discussions are held on important problems at a cabinet meeting and a decision is reached after the various cabinet ministers have expressed their views in a positive manner, the cabinet ministers would have an understanding of the problematical points through the discussions. But since sufficient discussions are lacking, the cabinet members only sign documents. They are

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practically unaware of what the documents contain.

Prior to the cabinet meeting, a meeting of deputy administrative officials is held. Most of the policies are decided here and when these are presented to the cabinet meeting, the cabinet ministers merely signify their approval by signing them.

Under such a procedure, the cabinet ministers can only be concerned with matters under their jurisdiction. Then again, in regard to these matters, the decisions taken by the ministries are accepted. There is hardly any cabinet minister with the expert knowledge needed to exercise control. Prime Minister Suzuki is no exception to this.

In this respect, Justice Minister Okuno is one of the ministers of the present cabinet having an awareness of political problems. He is also unaffiliated with any faction and can act independently.

If Justice Minister Okuno were a politician aiming to become the next prime minister, he would probably not make the kind of "free statements" that he has been uttering.

It is different in the case of Nakasone and Komoto who are regarded as being influential leaders. If their speech and conduct are apt to prove a "minus" for their ambition to become the prime minister, no matter how earnestly they might want to say certain things, they will remain silent.

#### Within Jurisdiction

Both Nakasone and Komoto are undoubtedly greatly dissatisfied with the present form of cabinet meetings and with Prime Minister Suzuki's attitude. Nevertheless, if they were to say something critical about Prime Minister Suzuki now, they would be placed in a disadvantageous position within the LDP. That is why it has become habitual for them to remain silent at cabinet meetings.

In the formulation of next fiscal year's budget, all the ministries are actively endeavoring to increase their respective shares. It will become necessary for the cabinet ministers to act accordingly. Confrontation of views is likely to occur within the cabinet.

If Prime Minister Suzuki continues to remain silent at such a time, there is a strong likelihood that the question of his "leadership" will surface anew as a political problem.

*(The writer is an adviser to the Mainichi Newspapers and former chief editorial writer.)*

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POLITICAL AND SOCIOLOGICAL

PLAN FOR STREAMLINING MINISTRIES SUBMITTED

Tokyo THE DAILY YOMIURI in English 1 Nov 80 p 2

[Editorial: "Weak Streamlining Plan"]

[Text]

The Administrative Inspection Committee (AIC) has submitted to Prime Minister Suzuki its recommendations on streamlining of ministries' branch offices in prefectures. The idea of streamlining branch offices was first proposed by the Ohira administration.

In its recommendations, the AIC emphasizes the need for a decrease in the number of personnel but does not touch upon the structural reform. Regarding the need for restructuring regional offices, a government advisory panel as early as 16 years ago called for such steps as abolition of some and integration of others. The AIC, however, proposed only "symptomatic" treatment for branch offices in prefectures.

The committee, it seems, has left the task of working out drastic measures for structural reform in the hands of the second temporary administrative investigation council to be established next spring.

Abolition and integration of government's prefectural offices has been studied many times in the past but without any concrete result.

In reality, adverse effects of duplication of administrative services by the central and local governments have yet to be eliminated because of sectionalism practiced by government ministries and agencies.

**Justifying Existence**

The Agriculture, Forestry and Fisheries Ministry's local food and statistics and information offices, whose work has dwindled, are trying to create new jobs for themselves in an effort to underscore their existence. We don't think these offices are needed because each local government has similar offices.

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The AIC recommends that the number of some 13,000 inspectors of the Food Agency's local offices be cut by half in several years. The committee's use of the words "drastic curtailment" in its recommendation sounds like an exaggeration because former Agriculture, Forestry and Fisheries Minister Kabun Muto had suggested to the Diet that the number of inspectors should be halved in 10 years. It should be easy to carry out such reduction in less than 10 years.

The AIC proposal also refers to 10 percent cut in the number of personnel of some other ministries' branch offices by 1985.

The Finance Ministry and the Administrative Management Agency seem to hold the view that he who suggests a cut should be the first to act.

#### **Relocation Of Workers**

Some 7,700 personnel of government's local branch offices will get the ax if the AIC recommendation is implemented. The government has already decided to slash its payroll by 37,000 workers over five years under its fifth personnel curtailment program.

Relocation of workers must be carried out when it is found difficult to perfectly implement personnel curtailment needed in the administrative reform. Although the personnel reshuffle plan is meeting a strong resistance from ministries and agencies, it must be pursued to the end.

The government is planning for the first time to relocate 254 employees of various ministries and agencies in the current fiscal year. But no agreement has been reported so far. We cannot help but feel disheartened because half of the fiscal year has already passed.

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ECONOMIC

GAP WIDENS BETWEEN BUREAUCRACY, BUSINESS

Tokyo THE DAILY YOMIURI in English 4 Nov 80 p 5

[Article by Yuji Adachi: "Disintegration of Japan Inc"]

[Text] The monolithic unity of "Japan, Incorporated" seems to be disintegrating as the business community is moving away from the bureaucratic world. [in italics]

The characteristic feature of Japan, Incorporated is the strong unity between the bureaucracy and the business community.

Japan's high economic growth, which has been called a miracle by the rest of the world, has been attained by the fact that the bureaucracy offered suggestions and the business community made the best of them.

In other words, the bureaucracy acted as the patron of the business community while the latter pledged allegiance to the former.

All the business enterprises have not been loyal to the bureaucracy. But if some enterprises revolted against the bureaucracy, they were excluded from Japan, Incorporated by the bureaucrats and fellow traders.

The reason why Toshio Komoto, director-general of the Economic Planning Agency (EPA) and a potential prime minister candidate who comes from the business community, cannot collect business circles'

support comes from the fact that Sanko Steamship Company for which he once served as president would not follow directions from the Transport Ministry.

How strong the unity between the two parties was can be determined from the following fact.

Japan's car industry, now feared by world competitors because of its strong competitive edge, was vulnerable to foreign competition until some 10 years ago.

The International Trade and Industry Ministry (MITI) gave massive protection to the Japanese car industry by curbing foreign investments and import of foreign cars.

Profits gained in the domestic market were invested to strengthen the industry's export power.

The once so solid unity between the two parties, however, began to dissolve after the first oil crisis.

The bureaucracy could dominate the business community because of its versatile brains. But the oil crisis was far beyond its scope.

Distrust of bureaucracy's farsightedness grew after a series of shocks represented by President Nixon's sudden visit China and yen's depreciation.

In view of this, the business circles came to harbor a sense of crisis that they would not be able to survive if they continued to rely upon the bureaucracy.

During the period of business slump resulting from the oil crisis, the business community toned down its criticism of the bureaucracy because the private sector could not help depending upon public works.

But recently business has recovered and management has regained its confidence and are moving away from their long-time leaders.

The Federation of Economic Organizations (Keidanren) is asking the Finance Ministry to legislate the financial rehabilitation law. This may be called part of the business community's distrust of the bureaucracy.

Under the current political situation it is very difficult to enact a law of

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this kind. Moreover, the Suzuki cabinet is something of a conglomeration placing priority on harmony rather than determination and practice. It is therefore almost impossible for the cabinet to take a step toward enacting the law.

Knowing such circumstances of the cabinet, Keldanren still demands legislation of the law, saying that it cannot comply with corporation tax increase without enactment of the law.

In this situation it is possible to think that the business community has proposed a puzzle in a bid to avoid corporate tax increase.

But what underlies the proposal is distrust of the bureaucracy. The business community's view is that law is more reliable than bureaucrats and that they will not tackle the financial rehabilitation task in earnest if they are not forced by law.

A series of incidents which have helped cause distrust of bureaucrats have also worked to make the business community hastily detach itself from the bureaucracy.

One of them is the trial of the oil price cartel.

The business circles are discontented because the cartel was ruled illegal by the court though the oil companies involved were only following administrative guidance of the International Trade and Industry Ministry (MITI).

As for the car exports to the US, the car industry thinks that the US can invoke the GATT's safeguard clause if the US auto industry is found to have been hurt in reality, while MITI is asking the automakers to voluntarily curb their exports.

Japanese car makers are not happy with MITI's such attitude. They say that MITI is making the issue more complicated along with the US antitrust act.

Another bone of contention is discriminatory treatment of deposits with private financial institutions compared with postal savings.

Though there is little possibility that the growing distrust will result in confrontation between the private and public sectors, a movement calling for equal partnership instead of the past subordination to the public sector is sure to mount in the private sector.

The Japanese economy has begun to be directed by the private sector in the long run.

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ECONOMIC

UNEMPLOYMENT: GOVERNMENT SURVEY ON 'LABOR FORCE' CRITICIZED

Tokyo SHUKAN SHINCHO in Japanese 14 Aug 80 pp 42-46

[Text] Newspapers report that "the employment situation has improved," and that "it is getting markedly better." 'Survey on Labor Force' prepared by the Prime Minister's Office is said to have been submitted at the Cabinet meeting. According to this survey, Japan's "unemployed" number 1.13 million. This figure represents a steady decrease in the past 2 years, and the percentage of unemployed is confined to 2 percent. This ratio appears to be quite scientific at a first glance. But how accurately does it reflect the real economic situation? What is the meaning behind a report that "the employment picture looks good" despite rumors of a downward business trend?

ASAHI SHINBUN (29 July evening edition), in reporting the unemployment survey prepared by the Prime Minister's Office, stated that the average ratio of unemployed during the first half of this year was 2 percent. This represents a decline of 0.2 percent from the figure for the same period last year; 1.8 percent was the tally for the month of June (number of fully unemployed: 1.05 million). It is 0.1 percent less than the unemployment figure for June last year. The same article stated that "according to the economic index for May, prepared by the Economic Planning Agency, there has been a decline in the economic climate but this downward trend has not affected the employment profile as yet." Of course the emphasis is not on the decreased unemployment rate but on the substantive trend of increased employment in manufacturing (secondary production) sector and large businesses which form the mainstays of Japanese industry.

"The economy will decline during the latter half of this year."

"The Administration and the Bank of Tokyo should decrease the official rate."

"No, if that is implemented, it will bring about inflation."

Amidst these arguments centering around an impending slump, the news that "the employment picture is improving" is generating an impression that an important element in maintaining prosperity has surfaced.

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The question is whether or not the 0.2 percent decline in unemployment rate can be used as an index for gaging Japanese economic fluctuation.

"If unemployment rate reaches 6-7 percent as in England and the United States, the story would be different, but 2 percent unemployment, from overseas perspective, is in fact full employment. An 0.1, 0.2 percent variation (50,000 to 100,000) fluctuation is not very significant in terms of the total economic picture. According to the National Statistical Survey conducted in 1975, the number of unemployed was 1.25 million. But the Prime Minister's Office's Labor Force Survey yielded a figure of about 1 million. That is, there was discrepancy of 250,000. These surveys being so imprecise, it is meaningless to base one's analysis on less than a full percent shift." (Economist)

The Prime Minister's Office prepares a monthly Labor Force survey. (A somewhat more detailed special survey is made once a year.) The basis for this study is the National Statistical Survey's ward division (Note: Each ward consists of approximately 50 families) which divides Japan into 700,000 wards. Of these, 2,200 are selected according to their character--industrial, commercial and residential--and 15 households from these wards are randomly chosen, and those over 15 years of age are surveyed. Approximately 33,000 households (about 76,000 persons) are interviewed in a single survey. This number equals Japanese total population over 15 years divided by 1,000. That is to say, the "sampled" individual represents 1,000 citizens.

#### Anybody Can Qualify as a "Fully Unemployed"

The survey is conducted by distributing questionnaires and the recipients are asked to write in the answers. He is asked to circle one of three statements which applies to his circumstance: (1) working full-time; (2) working while attending school; and (3) working while engaged in household management. Those who have not been working are to circle one of the below listed alternatives: (4) have been on vacation; (5) have been looking for work; (6) attending school; (7) managing household affairs; and (8) other (for example, the elderly). Those who marked 6-8 need not go any further. If one makes a choice among 1-4, then he is asked to answer questions about the nature of work (full time employment, temporary employment, day laborer, officer of a company, independent enterprise, help in an independent enterprise, side business), type of job, and whether he seeks to change his job or not.

Job referred to here means work that generates an income. When a family member helps in the family business, he is regarded as employed even though he may not receive remuneration for his services. The survey is conducted during the last week of each month. If one works beyond 1 hour during this time, he is considered employed and belongs in categories (1-3).

(5) is an unemployed person. Those choosing (5) will be asked if the job one is seeking will be one's "primary occupation" or a "secondary (additional) occupation." Labor Force Statistics Division Chief Takao Yamada of the Prime Minister's Office defined "fully unemployed person" as follows:

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"Fully unemployed individual in the Labor Force Survey is one who did not work at an income-deriving job during the last week of a given month, or one who is looking for a job and who could start working on the new job immediately. An individual who is unavailable for employment until April the following year--upon graduation from school--though he may indeed be actively seeking employment cannot be regarded as a "fully unemployed individual."

If there is a "fully unemployed individual," would there also be such ambivalent status as an underemployed person? We are told that there are latently unemployed and underemployed individuals. There is dispute as to what is the appropriate definition for these categories but for the reader's information, we offer the following:

"Underemployed individual refers to a person 'who is working but is not satisfied with the current situation. He may wish to increase the work load, he may want to work at a higher income job, or he may be seeking a position which would enable fuller utilization of his skills.' A latently unemployed individual is one 'who does not attempt to seek a job because he thinks that though he would like to work, he probably would not be able to find a kind of work he likes.'"

We neglected to ask what to call a person "who would rather not work but is work-out out of necessity." A latently unemployed person is frequently merely lazy, but since he is not seeking work, he is not categorized as an unemployed individual.

Of course, if he selects (5) on the survey sheet, he is classed immediately as unemployed.

"Ultimately a person who chooses (5) is the wholly unemployed. A seasonal laborer, a housewife seeking part-time work and a retiree, are also wholly unemployed." (Section Chief Yamada)

Though we may not carry this logic to its extreme and say that some job seekers are motivated by desire for diversion, there are housewives who seek part-time situations without specific reason. Defining such people as wholly unemployed does tend to make the resulting unemployment rate tally unrealistic.

"That is not so. Though it is perhaps true that among the wholly unemployed, some are quite serious in their job seeking, while others are not. However, to expect this survey to differentiate the two categories is excessive. For example, there are many types of part-time workers. This survey has been conducted for many decades on a monthly basis following the same formula; and a look at the change in the resulting tabulation will disclose the changing pattern in the employment situation. If we are to introduce a new concept now, it will present a completely incongruous result which will not mesh with the previous data. The significance of this kind of survey is in its unbroken continuity..."

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"Unemployment Rate in a Country Where There Is No Firing"

"The unemployment rate does not provide a guide to management nor is it an index of national economy," says one medium-size company owner-president.

"To determine whether the business operation is in trouble or not by looking at unemployment figures does not square with the actual state of Japanese society. In Japan, firing an employee is the very last recourse. That action is outside the sphere of reasonable management decision. There is no firing until the firm is on the very brink of bankruptcy. In such a society, if the unemployment rate jumps to a point where it poses a problem, then it is a time of 'great depression' in which the companies are going bankrupt in droves. In such an event, one does not need to consult the unemployment rate to assess the economic climate. It would be obvious to everyone. On the other hand, though towns may not be filled with the unemployed, it is possible to have a situation in which business is declining and great effort is required to keep the economy on an even keel."

The fact that Japanese businesses keep extra personnel in the form of "intra-company unemployed" has already been discussed many times previously.

During the recession that followed the first oil crisis, overtime work was cut and there was a tendency to transfer the "intra-company unemployed" to other related companies. Furthermore, the unemployed were absorbed into the distributive industry sector and food service industry--tertiary industry. Thanks to this industry, many college graduates who would have been without employment were able to avoid the situation where they would have had to lament this fate by saying "Well I've got a degree, but no job...."

The distributive industry sector in Japan is complex. Distribution cost is high. A large influx of people hired into this sector is not conducive to efficient money distribution. The high cost was borne by the people. The fact that the taxpayers shouldered this high cost is why even at the worst times (1978), the unemployment rate was held down to 2.4 percent.

In Japan the percentage of salaried personnel among the employed is 70 percent and rather small (Note: In the United States and England, the percentage is over 90 percent) and family business and farming comprise 30 percent--a contributing factor to the low unemployment rate. If jobs are scarce, one merely helps in the family business.

In sum, the border between those who are wholly unemployed (not the definition of the Prime Minister's Office but the term's intrinsic meaning) and the latently unemployed is vague. Consequently, it can be said that to use the unemployment rate as an index for analyzing the actual condition of the economy in Japan is not a right way to present the actual state of Japanese society."

Would it not make more sense to treat the recipients of unemployment insurance as the unemployed?

Aforementioned Section Chief Yamada disagrees.

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"One cannot grasp the employment profile from that. Only a third of those seeking work are on the Employment Office list."

More people seek jobs through advertisements and personal contacts. At present, 661,000 are receiving unemployment insurance. Among them are OLs (Office Ladies, female office workers) who left their jobs when they married and housewives who abandoned their part-time jobs. Incidentally, according to the Ministry of Labor survey, there are 2.2 to 2.3 million part-time workers total. In addition, seasonal laborers (last year's annual figure: 715,000) called "short-term exception" are receiving insurance payment as well.

An overview of these figures tells us that the "tax paying slaves"--the permanently employed salaried people--are sacrificing their income to support various types of unemployed. The Prime Minister's Office's Labor Force Survey is said to cost 50 million yen per annum. If that much money is being spent, there should be a differentiation between the really unemployed and the "slightly" (?) unemployed--I refrain from using the term, "untruthfully." When the breadwinner of a household loses a job through misfortune, unemployment insurance is indeed necessary, but why should insurance payment be made out to an OL who quits her job and goes on an overseas excursion before her marriage?

"Somehow Unemployment Rate Is Not Used"

Let us go back to the discussion of unemployment rate. Statistical Survey Section Chief for long-term credit banks, Hiroshi Takeuchi says:

"The reason why we don't want to see the sign of economic depression is because it invites high unemployment rate. This is the standard excuse; and there is valid connection between business climate and unemployment rate. However, when we form an assessment regarding a business climate, we do not look to the unemployment rate as the basis of analyses. The indicators we use are employment vs response ratio (Note: Ratio of applicants per job opening registered with the Employment Office. During the high growth period, it reached 1.4. At present, it is 0.75) or number of bankruptcies. But there is no need to worry too much about such discrepancy (as all those selecting (5) being classed as the unemployed). If there was a discrepancy last year, there will be a similar discrepancy this year. In short, all we need to look at is "the flow." Of course, it would be better if the survey was detailed, but if we try to carry out an exacting survey, the cost will rise; and this type of survey should not be too costly. Tax money has to be used wisely. Though the figures may not be precise, if one works with them for say, 5 years, one will get to know its character."

Though the figures may be insignificant in themselves, I thought that it would be useful to an expert, but Mr Takeuchi made another point.

"As contradictory as it may seem, such numerical data cannot predict the market. There are three indexes for grasping the shifting business trend. One is the volume of Bank of Japan notes issued. The other is electric power consumption and the rest is touch and feel--like how big the crowd is at Shinjuku."

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At present, the airplanes to Hokkaido are filled with family groups. Where are the unemployed? Mr Takeuchi appeared to have wanted to stress that rather than fussing with unemployment figures, the important factor is the straightforward feeling one gets from observing the situation.

I should also point out that professional terminology for the unemployment rate is a "delayed indicator." As we mentioned before, the oil crisis was in 1974. The peak in unemployment came in 1978. Change in employment profile occurred about 1 year to 1-1/2 years after the shift in business climate. Therefore, when ASAHI SHINBUN wrote that, "though there is a noticeable downward trend in business climate, comparable decline has not reached the employment picture," it was considerably off its mark.

"Significantly better employment picture" is merely a reflection of the favorable trends of a year and 2 years ago.

According to Economic Planning Agency, Domestic Survey First Section Chief Yuichi Moriya, "Four trends are seen in the recent employment survey results. There has been an increase in employment by big businesses and in manufacturing industries. There has been an increase in employment in the heads of household. There has been an increase in the number of stable full-time employees. That is, the stable hiring is on the rise."

In short, the survey conducted by the Prime Minister's Office verifies the fact that the prosperity of last year and the year before last was a genuine phenomenon backed up by subsequent increase in employment.

Market Will Slow Down, However....

Once a year, the Prime Minister's Office conducts a more detailed survey than its monthly study. Among the items researched is the breakdown of reasons for seeking jobs among the unemployed. According to the survey taken in March 1980, unemployed males numbered 750,000. Of this total, 530,000 were unemployed because they left their jobs; 54.7 percent left for nonvoluntary reasons (Note: for example, bankruptcy). Half this number left upon reaching retirement age. As for the rest, 50,000 were recent graduates; 80,000, because need for income arose; 20,000, because they found leisure time (Note: The latter category is probably senior citizens) and so on. There were 490,000 females unemployed. Some 230,000 left their jobs, of this number, 73.9 percent left voluntarily. School graduates numbered 30,000 and in the case of 130,000, there arose a need to seek an income; and 70,000, because they found leisure time....

Just how many of these people were "wholly unemployed," in the true sense, is not known.

Finally, what is the projection for the market that is said to be showing a decline?

Dominant opinion among economists is that "business will decline" during the latter half of this year. Majority of them place the growth rate for 1980 at the 4 percent level. Pessimists say 2.8 percent and the optimists, 6.2 percent. It will be lower than the last year's figure.

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"The first half of this year saw an annual growth rate of 6 percent. During the latter half, the rate will drop to 3 percent and the same for the first half of next year. During the latter half of next year, it will return to 5.6 percent. The first half of this year was export dominated. Favorable investment in equipment and a slight increase in individual spending were the supportive factors. However, there has been a decline in export--directly tied in with the recession in the United States." (Soichi Fujiwara, Osakaya Securities Adviser)

Individual spending is stagnating as well. This spring's "bear" was 6.7 percent. On the other hand, the cost increase rate is 8 percent and there has been substantive cut-back in spending power. So this outcome was only to be expected. I hope that the government and the Ministry of Finance are well aware that if there is increased taxation, individual spending will blow away and the favorable market will be pulled down.

Of course nobody is as pessimistic as to predict a recession that would require employment regulation. The thing to be watched is the oil issue. At present, there is oversupply in the world oil market; and recession would only inflate the amount of oil available. "There will be an OPEC executive meeting in November and OPEC general meeting in December; and the prices will be reviewed. Though some readjustment is expected, unless there is an unforeseen incident, the increase would be 1 to 2 dollars." (Energy Economics Research Institute, Research Section Chief Yukio Tomitachi)

However, it is possible for Saudi Arabia who is currently maintaining 28 dollars per barrel price to hike up the rate to the 32 dollar mark--the level designated by other oil producing nations. Japan gets a third of its petroleum import from Saudi Arabia. Thus, such price hike would invite inflation.

Some predict an exorbitant increase in food prices for next year as a result of the U.S. economic climate, U.S.-Japan and EEC-Japan trade friction, and the abnormal weather pattern in the United States. It seems all the dangerous economic pitfalls are being set overseas.

But Mitsui Bank's Research Division Chief Kaoru Inoue summed it up as follows:

"The main reasons for the business decline are decreased export and nongrowth in individual spending. With regard to individual spending, the problem seems to be that consumers have no more purchasing goals. Durable goods have been widely used; and there remains simply replacement needs. Once durable consumer goods have been distributed, one cannot expect a large-scale growth in spending to continue. However, at present, there seems to be no minus growth rate anticipated in the future. In Japan where a part-time student's earnings are greater than that of a college graduate's starting salary, all seems to be going well."

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ECONOMIC

LDP LEADER CALLS FOR SUBSIDIES CUT

Tokyo MAINICHI DAILY NEWS in English 13 Nov 80 p 5

[Text] The ruling Liberal-Democratic Party (LDP)'s top policymaker Wednesday called for a cut in subsidies concerned with the people's livelihood, as part of the government's budget policy for fiscal 1981.

Shintaro Abe, chairman of the LDP Policy Affairs Research Council, made the call at a meeting of party-branch chief policymakers in Tokyo.

It was the first time a top LDP executive revealed basic policy for the fiscal 1981 government budget.

Abe told the meeting that even subsidies based on national legislation should be overhauled and thoroughly readjusted.

The subsidies include those to the poor, health insurance and funds for the school textbook free distribution system.

Abe said a reduction in such subsidies and a significant cut in the heavy deficit of the Japanese National Railways, the food (rice) control special account and the health insurance system would be needed if the national finances were to escape from their chronic debt-ridden state.

Subsidies based on the relevant laws account for about 80 percent of the subsidy appropriations, and total subsidies for about one third of the national budget.

At the meeting, Abe expressed concern about recent business trends.

The possible need for new reflationary and price control programs would be discussed on the basis of July-September national income statistics to be published late this month, he said.

The LDP executive said the government would show to the party late this month a fiscal 1981 budget plan which calls for a drastic cut in various appropriations.

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ECONOMIC

DRAFT PLAN OF JSP CRITICIZED

Tokyo THE DAILY YOMIURI in English 8 Nov 80 p 2

[Editorial: "JSP Reconstruction Plan"]

[Text]

The Socialist Party's (JSP) draft for a new action policy for 1981 places emphasis on protection of the war-renouncing constitution and improvement of the people's life.

The opposition party's 1980 action policy pursued the coalition government concept. But reflecting the JSP's defeat in the twin Diet elections in June, the new draft policy has shifted the stress to increasing the party's own strength.

Though the draft policy for 1981 lacks freshness, it can be called an appropriate decision.

Upholding of the constitution has been a persistent postwar theme for the JSP. It is natural for the JSP to try and increase its strength in an effort to challenge the Liberal-Democratic Party (LDP) which favors a revision of the constitution and strengthening of the national defense.

But the JSP's manner of thinking must lack something if it believes that upholding the constitution will serve as a decisive factor in rehabilitating the party.

Any revision of the constitution seems difficult in view of the opposition even within the LDP. Moreover, many people believe that no political move will be made for the next several years to amend the constitution.

#### Concrete Method

In this situation it is impossible for the JSP to gain support by only displaying the flag.

The draft action policy calls for the establishment of a headquarters to organize the struggle against constitutional amendment. But what the party needs is not a headquarters but a concrete method to launch the antirevision movement.

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The JSP also needs to make more strenuous efforts and come up with better ideas if it wants to aim at political innovation with the antirevision movement as a springboard.

The draft action policy views recruitment of one million party members as a pivotal movement to reconstruct the party and calls for alignment with various labor organizations and civic groups. Reconstruction of the party will depend on how it carries out these policies.

#### **Image In Big Cities**

The party's dwindling power in large cities seems to have marred the party's image. The JSP should make efforts to expand itself in major cities in an effort to establish a bridgehead.

The JSP was considered to have crossed the Rubicon River when it reached an agreement with Komeito on the concept of a coalition government. The accord signified the JSP-Komeito-Democratic-Socialist Party (DSP) alignment.

However, the DSP later joined hands with the LDP and Komeito eliminated an anti-LDP phrase from its 1981 draft policy.

Despite these developments, the JSP has often referred to the maintenance of the JSP-Komeito coalition government concept in an effort to abide by its pledge as a public party.

This means the JSP thinks that it will not retreat once it has crossed the river of destiny. But the party does not seem to consider of advancing further.

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ECONOMIC

CAPITAL INVESTMENT SEEN SLOWING DOWN

Tokyo THE DAILY YOMIURI in English 7 Nov 80 p 4

[Text]

*Industrial capital investments by business corporations will slow down toward the end of fiscal 1980 ending next March after a firm tone so far, according to an official report.*

The Economic Planning Agency compiled the report on capital investment after a survey of 3,860 companies capitalized at ¥100 million or more.

It said on a seasonally adjusted basis, plant and equipment investments in the October-December quarter will rise 2.7 percent and those in the January-March period of 1981 will increase 0.7 percent.

The figures showed a slip from the 12.8 percent growth in the April-June period and the 2.5 percent gain in the July-September quarter of this year.

Among the firms, corporations capitalized at less than ¥1 billion plan to cut their investments 7.5 percent in the first quarter of 1981 on the year-to-year basis.

Some 23.5 percent of manufacturing companies believed they have too large a capital investment in September, compared with 18.3 percent last June.

As for inventory, the report showed 35.6 percent of manufacturing firms felt

their product inventory was too big and 30.4 percent thought their raw materials inventory was overstocked. The figures were 28.6 percent and 25.1 percent, respectively, last June.

**No Rate Cuts Soon**

Finance Minister Michio Watanabe said Wednesday there will be no more cuts in the official discount rate for some time to come.

He was commenting at a press conference on the decision earlier in the day by the Bank of Japan to lower the discount rate by a full percentage point to 7.25 percent per annum, effective Thursday.

Watanabe made the comment in view of a recent call by Toshio Komoto, director-general of the Economic Planning Agency (EPA), for a much larger reduction in the key interest rate.

The finance chief said, "We have no intention whatever of lowering the key money rate for some time to come. There will be ab-

solutely no further cut in the discount rate at least until it becomes warm (ie, next spring)."

Watanabe also said the government would consider in December, on the basis of an overall analysis of economic trends in recent months, whether to raise further, the target for public works contracts to be awarded in January-March 1981.

**Purpose Of Cut**

Bank of Japan Governor Haruo Maekawa stressed Wednesday that the discount rate cut was not aimed at stimulating the economy.

Speaking at a press conference after the extraordinary meeting of its policy board at which the reduction was decided, Maekawa said the decision was taken in view of the recent easing of inflationary pressures, the deceleration in the growth of the domestic final demand and the generally stable climate in the foreign exchange market.

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ECONOMIC

MAJOR SHIPBUILDERS OVERCOME SLUMP

Tokyo THE DAILY YOMIURI in English 11 Nov 80 p 4

[Text]

*Japan's six major shipbuilders have managed to overcome the protracted business slump as they chalked up current profits in the semiannual business period ended last September.*

Their interim financial statements, made public by Saturday, cited personnel cuts and increased orders received as major factors contributing to the recovery.

Mitsubishi Heavy Industries Ltd held the top position in sales and current profits, at ¥560,438 million, off 17.6 percent, and ¥7,233 million, up 10.3 percent from a year before, respectively. The company blamed the sagging sales on decreased orders for chemical plants equipment.

Ishikawajima-Harima Heavy Industries and Mitsui Engineering and Shipbuilding posted their first current profits in three years during the six-month period under review.

Kawasaki Heavy Industries Ltd reported a 75.2 percent drop in current profits due to large foreign exchange losses, despite a 37.4 percent sales gain.

Sumitomo Heavy Industries Ltd nearly doubled its current profit to ¥308 mil-

lion and Hitachi Shipbuilding and Engineering had a ¥1,738 million current profit against a ¥1,939 million deficit a year before.

**Penang Ventures**

Penang, Malaysia (AP)—Japan's Kanagawa Prefecture is interested in setting up joint ventures in Penang, particularly in shipbuilding and repairing.

The governor of the prefecture, Kazuji Nagasu, told reporters in Penang Sunday that he planned to send an economic team from his prefecture to Penang next year to look into joint venture possibilities.

Two leading Japanese companies, Hitachi Semiconductor and the Pen group of companies, with large investments in Penang, are located in Kanagawa Prefecture.

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ECONOMIC

NIPPON STEEL MAKES 104 BILLION YEN PROFIT

Tokyo THE DAILY YOMIURI in English 12 Nov 80 p 4

[Text]

*Big exchange gains and higher selling prices pushed the current profit of Nippon Steel Corporation (NSC) in the half-year ended September 30 up to a record ¥104.7 billion, the steelmaker announced Wednesday.*

It is the first time NSC's current profit—profit before extraordinary items—reached the ¥100 billion level.

NSC is the third Japanese enterprise to achieve a half-yearly current profit of ¥100 billion.

The other two are the Tokyo-based Arabian Oil Company and Toyota Motor Company.

Nippon Steel's current profit was up 23 percent from the previous half-year (October 1, 1979 to March 31, 1980).

The high profits came despite the increased costs of fuel and raw materials, such as coking coal, oil, and iron ore.

The company claimed this was due chiefly to three factors:

- An average 11 percent rise in the selling prices of steel products;
- Good progress in cost-cutting efforts, such as energy saving and an increased continuous caster ratio;

- Huge foreign exchange gains (¥48 billion), brought on by the yen's appreciation against the US dollar.

**Steel Output**

Meanwhile, Japan's crude steel production in October totaled 9,191,000 metric tons, up 2.8 percent from the previous month, but down 5.3 percent from the year before, according to the Japan Iron and Steel Federation.

The output of basic oxygen furnace steel increased 4.4 percent from the previous month to 6,982,000 tons, whereas that of electric furnace steel decreased 1.8 percent to 2,209,000 tons.

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ECONOMIC

SHIPBUILDERS SEE STEADY UPTURN

Tokyo THE DAILY YOMIURI in English 15 Nov 80 p 4

[Text]

*The world's shipyards have seen the worst but are likely to remain caught in aftereffects of the international shipbuilding crisis for some years to come at least, an industry projection said Thursday.*

The Shipbuilders Association of Japan sounded a somewhat cautious note in the outlook for the 1980s, dismissing a revival of the world's shipbuilding boom in 1974-'76.

The projection, nevertheless, offered some encouraging signals, forecasting a moderate but steady upturn in construction of new ships.

The world's shipbuilding hit the rock bottom of 14.29 million gross tons last year, a year earlier than had been anticipated, and has clearly turned upward, with Japanese shipyards leading the way, the association said.

In its previous projection of April 1978, the association forecast that the recession would continue into 1980, with the total tonnage of new ships reaching a still more depressed level of around 12 million gross tons.

Of the 1979 total, Japan held a share of 32.9 percent, compared with the peak 1975 level of 49.7 percent.

The 14-nation Association of West European Shipyards held a 32.8 percent share and the balance—34.3 percent—was built by Third-World countries.

The projection put the estimated 1985 tonnage at 22.60 million gross tons and the 1990 total at 32.17 million gross ton, which still stop short of the peak 1975 level of 34.20 million gross tons.

The projection is based largely on the assumption that shipowners will find the need to scrap old ships and build new ones, particularly aging very large crude carriers and other large tankers.

Because rising prices for bunker fuel oil are forcing ships to extend their sailing time by cruising at a more economical level, there will be additional demand for construction of new carriers, the association noted.

As other major factors contributing to the recovery of the world's shipbuilding industries, the association cited a global surge toward

steaming coal as a substitute fuel for costly oil and diversified sources of crude oil, which are adding to carrier booking orders.

But there are minus factors, too, among them a slowdown in the world's economic growth and international energy conservation efforts which will put the brakes on shipment of crude oil from oil-producing countries to the industrial world.

Despite signs of uptrend in demand, Japanese shipyards are in no hurry to implement production expansion programs, association officials said.

In an effort to weather the recession, shipbuilding firms reduced their capacity over the past years, scrapping as much as 35 percent of their shipbuilding capacity jointly.

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ECONOMIC

GOVERNMENT URGED TO SET FISCAL HOUSE IN ORDER

Tokyo THE DAILY YOMIURI in English 7 Nov 80 p 2

[Editorial: "Priming the Economy"]

[Text]

As long expected, the Bank of Japan Thursday reduced the official discount rate by one percentage point to 7.25 percent per annum. The step, however, had long been anticipated and therefore lacked the impact of surprise.

The effect was lost on the money market. Interest rates on long-term loans will not drop easily even with the reduction in the official bank rate.

The economic stimulation desired of the bank rate cut has thus been watered down two ways. We believe that the government and the Bank of Japan should exercise monetary measures in a more level-headed and flexible manner than in the past.

We consider the size of the cut by one percentage point to be appropriate at this time. We recognize that the intent of the government and the central bank is to check the economic decline, which has been accelerated by this year's cool summer weather.

#### High Expectations

In accordance with the bank rate cut, all long-term interest rates, including those on bank deposits, postal savings and housing loans, should be lowered.

However, we consider it unreasonable to place too high expectations from the beginning on the effect of the interest rate reductions in priming the economy.

The chief aim of monetary policy this time is to reduce long-term interest rates, thereby easing the interest burden of corporations and encouraging them to make new equipment investments.

The Liberal-Democratic Party (LDP) in particular has argued for a cut in housing loan interest rates to promote housing construction and make it the prop for lifting the economy.

The interest rate on housing loans, which now stands at 8.88 percent per annum, is expected to be lowered by 0.36-0.42 percent, but we do not think such a small reduction will stimulate new housing starts. It will be difficult to revitalize housing construction unless measures are taken to damp down the increasing prices of land and construction materials.

#### **Bonds Are The Problem**

Toshio Komoto, director-general of the Economic Planning Agency, has said that the official discount rate should be reduced again within this year to maintain a high economic growth rate in the next fiscal year. However, the commodity price trend does not warrant unqualified optimism, although it is starting to stabilize.

Long-term interest rates will tend to stay high despite the latest bank rate cut because of pressure from the flotation of large amounts of government bonds. The long-term interest rates are influenced by the trend of bonds and surplus government bonds on the money market are finding few buyers.

To correct the situation, we urge the government to start putting its financial house in order in compiling next fiscal year's national budget.

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SCIENCE AND TECHNOLOGY

MITSUBISHI COMPLETES CCV AIRCRAFT BASIC DESIGN

Tokyo NIKKEI SANGYO SHIMBUN in Japanese 23 Oct 80 p 6

[Text] The most serious weakness of Mitsubishi Heavy Industries, Ltd. in defense related technology is electronic technology. The Defense Agency officials in charge of technology all agree, "They are in the midst of eagerly trying to overcome their deficiency." (Technical Research and Development Institute). Mitsubishi Heavy Industries avoids an explanation about the present state of their electronic technology staff and office but only answers in this manner, "We are actively working for improvement both from the qualitative and quantitative aspects". Their posture is quite different from that of another defense equipment manufacturer, Kawasaki Heavy Industries, Ltd., a similar shipbuilding and heavy machinery manufacturing group, who rendered a straight answer with confidence, "There are approximately 150 electronic engineers exclusively in the Aircraft Research and Development Section. The percentage of electronic engineers to the personnel scale (approximately 570 employees to date) of this section is being steadily increased."

Starting 2 years ago until last year, a business talk ominously symbolized the Mitsubishi Heavy Industries' sense of panic toward electronics. It was the business talk initiated by the Defense Agency to determine the company who received a contract for the maintenance of the Early Warning Aircraft E2C which was to be imported from the U.S.. Although this talk did not really draw the attention of the general public because it dealt with equipment not developed in Japan, it was decided in the end that Toshiba Corporation be given a contract for major electronic machinery and equipment, Tokyo Precision Instrument Co., Ltd., be given a contract for automatic pilot and Kawasaki Heavy Industries be given a contract for airframe and overall system integration (27 December 1979).

At this time, Mitsubishi Heavy Industries' interest and behavior in this talk was perceived as "abnormally obsessed" (Director of Aircraft Operation Headquarters, Yoshimori Hagura, Kawasaki Heavy Industries, Ltd.). "It may be maintenance work per se, but an understanding of the total system is required to do the job. A company in charge will learn a lot from this experience." (Director of Aircraft Department, Toshiro Murai, Mitsubishi Heavy Industries, Ltd.). Mitsubishi gave a sales pitch at the Defense Agency showing in a graph the fact that the electric control is advancing in general with aircraft, trying to make the point that "We are quite capable." However, they lost to Kawasaki Heavy Industries who was ahead in the "electronic aircraft" after successive receipts of the Submarine Patrol Plane P2J and P3C contracts.

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The traditional power map of the military aircraft industries displayed a dominance by Mitsubishi Heavy Industries in combat planes, a dominance shared by Kawasaki Heavy Industries and Shin Meiwa Industry in Patrol Planes, and competition among Fuji Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries in trainer airplanes. However, this distribution of power is about to collapse in part. For example, Fuji Heavy Industries is preparing for their future development of the VTOL (vertical takeoff and landing plane) combat planes, and Shin Meiwa Industry is painfully struggling to offset the damage caused by the cancellation of the procurement of the Submarine Patrol Plane PS 1. Mitsubishi Heavy Industries, who is to produce at home under license the anti-submarine helicopter HSS 2B with both attack and search capabilities, deemed that this contract is not itself enough and seemed to have "planned an initial stage build-up for the future electronization using this E2C" (Director Hagura).

In the field of missiles, where mechatronics (compound products of machinery and electronic technology) are strongly emphasized among the weapons, Kawasaki Heavy Industries and Mitsubishi Electric Corporation are more advanced than the others. Kawasaki Heavy Industries developed an anti-tank guided missile on their own in the decade starting from 1955, and has started to deliver new anti-ship and anti-tank guided missiles. Mitsubishi Heavy Industries was nominated in 1967 to be in charge of producing the Nike at home in the field of large size surface-to-air missiles. However, Mitsubishi Electric Corporation and Toshiba Corporation who at the same time were designated as the Japanese manufacturer of the Hawk, later entered into the manufacture of an improved Hawk while Mitsubishi Heavy Industries does not seem to show such an initiative.

Incidentally, lately the Mitsubishi Heavy Industries has started to see the results of their measures for recovery in the development of an anti-ship ASM 1 with an excellent performance and trimmed cost. Additionally, they have become a primary contractor for the CCV (aircraft with improved manoeuvring capacity) research plane which will be totally controlled by computers, and they have just completed the basic design which is expected to show the world's most advanced performance. The mechanism similar to the electric control system of this research plane was once studied by Kawasaki Heavy Industries using an airframe of Submarine Patrol Plane P2V remodeled to a mother craft. Mitsubishi Heavy Industries was in "luck", since this plane is expected to be adopted as a combat plane, and they are taking this opportunity to create a structure which can take over Kawasaki Heavy Industries in the electronic technology by using the CCV as a base.

Mitsubishi Heavy Industries' approach to the electronization of defense machinery and equipment is expressed: "We have no intention of manufacturing hardware (machinery and equipment), but will compete in the ability to arrange an integrated system." If expressed in a few words, they aim to accumulate software and upgrade the competence. However, summing up all accounts by the subcontractors of "three diamond" weapons (weapons manufactured by Mitsubishi Heavy Industries), Japan Electric Company, Ltd. and Japan Aviation Electronics Industry, the policy of the Mitsubishi Heavy Industries may have a quiescent change.

There is a rumor that the technical staffs of the Mitsubishi Heavy Industries including those for manufacture of civilian goods are currently divided into two "contesting" factions in regard to electronic technology, one dominated by veterans who contend, "The job will be properly completed if electrical machinery

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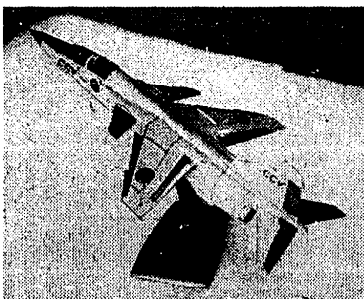
makers are fully utilized as subcontractors", and the other represented by young engineers who persist, "We ourselves should in part be involved in making even hardware." Late president Yoichiro Makita of the Mitsubishi Heavy Industries once confided seriously to his close associate during his tenure, "I wish I had under my wing the Electrical Department of the Mitsubishi Electric Corporation."

The electronization ratio of weapons has been steadily climbing, and this trend is said to continue in the days to come. While the ratio of electric articles was more or less 5 percent of the total cost in a Model 61 Tank (1961), this ratio increased to approximately 30 percent in the Model 74 Tank (1974), and the estimated figure will be close to 50 percent in a new model tank which will be subsequently developed by Mitsubishi Heavy Industries and assumedly will be completed by 1988. Already, approximately 60 percent of the total is electrically equipped as far as missiles are concerned. The electronization ratio will surely be on the rise in combat planes in the decade starting from 1985 since CCV is expected to be the key technology.

There is another way to look at this: "In the future, the defense industries, who will be in charge of the key parts, will be increasingly more heavily evaluated than the nominal contractor. The Defense Agency also has started to shift its priority from structures to electronics. Practically, it is more than likely that there will come a time when the traditional essentials and incidentals will be reversed." (Tetsuya Senga, Defense Production Committee Council Adviser of Japan Federation of Economic Organizations). This forecasts that the growing importance of the "three diamond" weapons to date will be reduced reciprocally.

"In the business operation, what really counts are good connections. In this sense, Mitsubishi Heavy Industries maintains resourceful human relations. Even though they are behind in mechatronization of civilian goods, it is unlikely that their ratio of orders received will be immediately affected and reduced in the area of defense production." (An anonymous director of Mitsubishi Electric Corporation), which is one asset of the Mitsubishi Heavy Industries. However, it is also true that the electric technology is their Achilles' heel. The road which lies ahead for the "three diamond" weapons, proud to be number one in real ability, has changed and is no longer smooth, in the presence of manufacturers in waiting to "receive an avalanche of orders for complex electronic technology without adhering to the main contract" (Director of Guided Photoelectric Operation, Keiichi Fukusen, Nippon Electric Company, Ltd.) and in the light of the position of the Defense Agency, "We would like to try to diversify the sources for the procurement of machine models such as torpedos which have been manufactured exclusively by Mitsubishi Heavy Industries.

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CCV test airplane to raise  
capability of electronically  
controlled airplanes

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SCIENCE AND TECHNOLOGY

ZINC-ALUMINUM CORROSION RESISTANT PLATED STEEL DEVELOPED

Tokyo NIHON KOGYO SHIMBUN in Japanese 15 Oct 80 p 1

[Text] Kawasaki Steel Corporation (President Hideo Iwai) has developed an epoch-making "zinc-aluminum electroplating process" which provides ten times the corrosion resistance of the traditional electro-galvanization process. Report on the new development will be presented by Shunichi Harada, Surface Treatment Section Chief, Kawasaki Steel Corporation Technological Research Laboratory and two others on 15 October at the Tenth International Metal Surface Technology Conference, being held since 13 October at the International Assembly Hall in Sakyo-ku Kyoto. Under this process 20 grams of zinc can provide protection to a 1 square meter area whereby with a traditional method, it would have required 100 grams of zinc. It bears close scrutiny as a new, resource conservative oriented electroplating technique.

Up until now, fusion plating method using zinc or electroplating method was used to provide corrosion resistance to automobile bodies and so on. In the northern United States and Canada 10 million tons of sodium chloride (salt) is used on roads as a snow melting agent; thus improving corrosion resistance technology has become a major development concern. "Zinc-aluminum electro-plating process" injects colloidal aluminum hydroxide in the zinc coating solution in order to fully utilize the anticorrosive protection feature where melted zinc itself coats the steel plate, thereby protecting it. Ten-twenty micron aluminum metal powder is distributed in the coating solution and electroplating is done while agitating the coating liquid. This new plating method's greatest feature is that zinc's liquefaction can be strictly controlled during galvanization.

A zinc-aluminum plated steel sheet obtained by using 30 grams of zinc and 4 grams of aluminum per 1 square meter is ten times more corrosion resistant and it takes ten times longer to generate red rust than the traditionally zinc electroplated steel, zinc fusion-plated steel or alloyed zinc plated steel. A segment of the Japanese automobile industry employs an anti-corrosion paint called "zincro metal," but the said process demonstrates far superior corrosion resistance than these types of covering materials.

United States' Bethlehem Steel had developed a zinc-aluminum plating method called "Galbarium," but while its adhesion volume is the same as zinc, it has only twice the anti-corrosive properties and is not suitable for automobiles. Kawasaki Steel Corporation is hopeful of applying the newly developed process to the manufacture of high corrosion resistant material for automobiles.

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SCIENCE AND TECHNOLOGY

MECHANIZED TOYOTA ASSEMBLY PLANT OPERATION OUTLINED

Tokyo NIKKAN JIDOSHA SHIMBUN 8 Nov 80 p 2

[Text] Currently, the Toyota Motor Company has 10 plants in Japan. Among them, five plants assemble automobiles, namely, the Tawara Plant with the dazzling latest equipment, the Tsutsumi Plant, the Takaoka Plant, the head office plant and the Motomachi Plant. At this time we visited the abovementioned Motomachi Plant and the Kamigo Plant where various models of engines and transmissions are produced. Both plants are located in the Toyota city limits and serve as a central production base.

The Kamigo Plant was started in 1965 as the first Japanese plant specializing in engines. Since then, it has been operating as the main engine production plant of Toyota. In fact, 70 percent of the engines Toyota produces now are manufactured in this plant. Assuming that Toyota annually produces approximately 3 million automobiles, the annual engine production of this plant amounts to 2.5 million.

The scale of the plant breaks down to 9000m<sup>2</sup> of lot area and 4,000 employees. Therefore, over 500 engines are produced annually per every employee. This is deemed high productivity, which is largely attributable to complete rationalization and mechanizations. We were especially surprised by the depleted number of employees at the No 9 Machine Workshop of the plant. There are only 170 workers on grounds of 28,710m<sup>2</sup>. Yet, the daily production of engines, primarily the 21R-U to be installed on the Mach II and Corona amounts to 1,500 units. Hardly any men are visible in the pressing and casting processes. Manpower is concentrated on the engine assembly line, where an engine is made by putting each part together. Human labor is required here after all since it involves complicated operations. Nonetheless, the flow of the parts maintained by the signboard system (Toyota production system) is smooth, and the engines are being completed in a minute. Scrupulous consideration is also given to the flow of the assembly line and the positioning of the parts. The work crew hardly moves from their designated position.

Another spot where few men were seen working is the engine testing site at the turn table. Engines just completed are self-driven and are checked for the fitting of component parts and oil leakage. This check also seemed like it took only a few minutes from the eyes of an observer. During this short period of time, all and any engine checks are given and an indicating lamp lights up instantly when there is something wrong with the engines. While an engine on the turn table makes one complete turn, all the check points are inspected. Additionally, an engine is brought

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down from the turn table by one attendant. The engine is lifted up easily by a small crane which requires a simple operation, and put down into position ready for shipping. It is quite a rationalization compared to the traditional method whereby an engine is manually brought down from the turn table one at a time. Now, the engines completed as described above are transported to the assembly plant.

The Motomachi Plant was built in 1959, proud of its history next only to the head office. The scale of the plant is the second largest among the 10 plants, claiming expansive grounds of 1,520,000m<sup>2</sup> and a floor space of 650,000m<sup>2</sup>. The number of employees is 4,800 and they engage in assembling Toyota's mainstay items, Mach II, Chaser, Crown, Cresta, etc.

Daily production is approximately 1,000 cars. Besides Assembly Shop I and Assembly Shop II where automobiles are assembled, a press workshop, a plating workshop and painting workshop are also installed side by side in this plant.

What we saw this time was Assembly Shop I among these facilities. The size of the lot was 600m<sup>2</sup> and the number of employees totaled 630. Daily total production is 500 cars, which breaks down to 300 Crowns and 200 other models. Now, let us follow the production line in order.

First, there is a process called the first outfitting line, where electrical wiring, a heater and instrument panels are fitted on a body with a complete paint job. The workers truly have quick hands in doing this job. They sort of crawl into the body without axles and tires to install the electrical wiring.

Next comes the frame line, where the front and rear axles are attached to the frame. The frame is sent to the body-frame joining line.

In the body-frame joining line, frames from the frame line and the bodies from the first outfitting line are matched. With a body and a frame united, the structure finally starts to look like a vehicle. Yet, the glass and other trim are not yet furnished, and this vehicle still maintains an appearance of a "chunk of iron." An engine, which can be called the "heart of the vehicle," is not yet installed.

An "egg" of a vehicle which passed the body-frame joining line is conveyed to the engine preparation line. Here, engines and transmissions, the internal organs of a vehicle, are installed. This is the moment when a living creature called the "automobile" is born. Although the installation of an engine is handled mechanically and orderly, in this sense, we cannot help but feel a kind of softness, something more like an animal emerged from a hard machine.

A vehicle furnished with an engine goes to the limb line, where the propeller shaft and the tires are mounted. From under the suspended body, the hands of the workers stretch and keep busy. When the tires are installed, the external appearance of this vehicle is not different from that of a finished car.

Now, for the final touch up. This will be done in the end outfitting line. Radiators, rear carpet, window glass and seats and steering wheels are furnished. Glass is fitted by the adhesion method. This line is the most lively among the assembly

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lines. Workers are posted one man per every 5-6 meters. Models and colors of the vehicles that come to this line vary, but the attendants will make no mistakes. They read the coded directions indicated on each vehicle, get all the necessary parts and install them one after another.

A vehicle provided with heart on the engine preparation line and legs called tires and hands called a steering wheel on the limb line is already a full adult. That makes this line seem more lively and radiant.

Completed vehicles which passed the end outfitting line in this manner are conveyed to the inspection and adjustment line to receive a final checkup. Adjustment of lamps, effectiveness of brakes, the turning angle of the steering wheel and drum conditions are also checked when vehicles are driven at high speed.

After touring both plants, we were most impressed by the scarcity of "manpower." Mechanization and rationalization are complete wherever and whenever possible. For instance, when the tires are mounted, the final bolt tightening is mechanically operated, amazingly, a semi-automatic operation. All the attendant has to do is to set this machine for each tire. Everywhere we witnessed automated sites which "could not have been mechanized in a traditional sense."

On the other hand, the scarcity of people made us, in fact, feel somewhat spooky. "How they can operate this plant with such a small number of employees," truly impressed us. Of course, they are equipped with a checking function which can fully meet the above described rationalization. If any personnel or material problem occurs along the lines, it is so arranged that an indication of the trouble will be shown on a fluorescent notice-board on the ceiling when a single signal is given. The sections and posts concerned can then be immediately notified of the incident.

According to what we have observed in both plants, they pursue a reduction of cost to the end by trying to improve the operational efficiency of even small and petty works in addition to the adoption of the signboard system. Toyota's spirit of eliminating waste is consistently observed. Yet, on the other hand, they care in every detail for their workers. (Reporter, Kurata)

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